CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

MARCH 1, 2005

INVOCATION:
Rev. Gary Hansen of Bethel Lutheran Church gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Mariscal led the pledge of allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino.

STAFF MEMBERS PRESENT
City Manager Ness, Assistant City Manager Haydon, City Attorney Trujillo, Police Chief Macagni, Community Development Director Lindsey, Fire Chief Ortiz, Director of Recreation and Parks Posada, Director of Administrative Services Snodgrass, Director of Utilities Chisam, Solid Waste/Utilities Engineer Zhao, Parks Services Manager Franklin, and Chief Deputy City Clerk Perez.

PROCLAMATION – ARBOR DAY
Councilmember Patino read a proclamation declaring Wednesday, March 9, 2005, as "Arbor Day" in the City of Santa Maria and encouraging community members to plant a tree in observance of Arbor Day 2005 or to make donations throughout the year to the Recreation and Parks Department's "Tree of Life" program to regenerate our City's urban forest. The proclamation was accepted by Glenn Franklin, Parks Services Manager.

PROCLAMATION – AMERICAN RED CROSS MONTH
Councilmember Orach read a proclamation declaring the month of March as "American Red Cross Month" in the City of Santa Maria and encouraging all residents to continue to volunteer their time and give generously to the American Red Cross and its local offices. The proclamation was accepted by Peter Taylor, Board Member of the Santa Barbara Chapter of the American Red Cross.

POLICE CHIEF AWARD
Lieutenant Colonel Kelly Fisher, Commander of Camp San Luis Obispo, stated she was here on behalf of Chief Warrant Officer Enberg, deployed in Iraq, who requested her assistance in making a presentation to the Santa Maria Police Department. She read a note from Chief Enberg regarding his wife, Jeanne Enberg, Emergency Communications Supervisor for the Santa Maria Police Department, and the support she has received from the Police Department. She presented an award on behalf of the Department of Defense of the United States of America, the National Committee for Employer Support of the Guard and Reserve, to Chief Danny Macagni as a patriotic employer for contributing to the national security and protecting liberty and freedom by supporting employee participation in America's National Guard and Reserve Force.

PUBLIC COMMENT
Bob Ziener spoke on the American Red Cross, the Chamber of Commerce's professional response in dealing with the media in town for the Michael Jackson trial, and the need for all of Santa Maria to make a good impression to the world during the trial. He suggested forming a Hospitality Committee to help the City put its best foot forward.

CONSENT CALENDAR
Councilmember Mariscal requested Item 3F be pulled for comment.

Councilmember Trujillo requested Item 3G be pulled for comment.

Item 3F – 2004 General Plan Annual Report

Councilmember Mariscal commended the staff of the Community Development Department and the Planning Commission for their hard work.

Item 3G – North Preisker Ranch Park
Councilmember Trujillo said he was happy to see that staff was requiring the developer to post bonds for the project. He talked about restrooms for women at City parks and asked Recreation and Parks Director Posada to pay attention to the design of the restrooms.

Consent Calendar Items A through I were approved with the indicated action on motion by Councilmember Trujillo, seconded by Councilmember Orach, and carried on the following vote:

AYES:	Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN:	None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar will be adopted by the same vote cast at the first reading unless City Council indicates otherwise.

B. MINUTES.
The Minutes of the Regular City Council Meeting of February 15, 2005, were approved as submitted.

C. WARRANTS
Warrant Nos. 118340 to 118634 in the amount of $2,146,680.54 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 112095, 113065, 114210, 116223, 103016, 103471, 105811, 108001, 108407, 108514, 110673, and 118383 were cancelled.

D. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads as shown on records on file in the Administrative Services Department and having been approved for payment by the Director of Administrative Services.

E. INVESTMENT POLICY
Resolution No. 2005-28 was adopted approving amendments to the City's Investment Policy.

Resolution No. 2005-28 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING AN INVESTMENT POLICY.

F. GENERAL PLAN ANNUAL REPORT
The 2004 General Plan Annual Report was received and filed and the City Clerk was directed to file said report with the State Office of Planning and Research (OPR), Housing and Community Development Department (HCD), and Santa Barbara County Grand Jury.

G. AWARD OF BID
Resolution No. 2005-29 was adopted awarding the bid for North Preisker Ranch Park, Bid No. 2005/10, and approving an agreement with Elevation General Engineering, Inc., in the amount of $534,541.

Resolution No. 2005-29 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A CONTRACT WITH ELEVATION GENERAL ENGINEERING, INC. FOR NORTH PREISKER RANCH PARK, BID NO. 2005/10.

H. ANNEXING PROPERTIES
Resolution Nos. 2005-30, 2005-31, and 2005-32 were adopted annexing seven (7) parcels into the Northeast, South Miller Street/South College Drive and Southwest Landscape and Lighting Districts.

Resolution No. 2005-30 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ANNEXING AND AUTHORIZING THE ASSESSMENT OF

LANDSCAPE MAINTENANCE FEES TO KRAGEN AUTO PARTS AND DONOVAN ESTATES LOCATED IN THE NORTHEAST LANDSCAPE MAINTENANCE DISTRICT (STREET AND HIGHWAYS CODE SECTION 22500, ET. SEQ.).

Resolution No. 2005-31 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ANNEXING AND AUTHORIZING THE ASSESSMENT OF LANDSCAPE MAINTENANCE FEES TO GUZMAN RESIDENTIAL DEVELOPMENT AND HOME BASE BUILDING CONVERSION LOCATED IN THE SOUTH MILLER STREET/SOUTH COLLEGE DRIVE LANDSCAPE MAINTENANCE DISTRICT (STREET AND HIGHWAYS CODE SECTION 22500, ET. SEQ.).

Resolution No. 2005-32 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ANNEXING AND AUTHORIZING THE ASSESSMENT OF LANDSCAPE MAINTENANCE FEES TO TILECO DISTRIBUTORS, ROBERT JONES INDUSTRIAL BUILDING AND MEENA INDUSTRIAL PARK LOCATED IN THE SOUTHWEST LANDSCAPE MAINTENANCE DISTRICT (STREET AND HIGHWAYS CODE SECTION 22500, ET. SEQ.).

I. IMPACTED SOIL PROGRAM

Resolution Nos. 2005-33 and 2005-34 were adopted approving a fee structure for the Impacted Soil Program and approving an amendment to the agreement with Central Coast Remedial Resources, Inc., for the delivery and acceptance of impacted soils at the Santa Maria Regional Landfill.

Resolution No. 2005-33 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ESTABLISHING A FEE STRUCTURE FOR IMPACTED SOIL AT THE SANTA MARIA REGIONAL LANDFILL.

Resolution No. 2005-34 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE THE AMENDED AGREEMENT WITH CENTRAL COAST REMEDIAL RESOURCES, INC. FOR DELIVERY AND ACCEPTANCE OF IMPACTED SOILS.

CHAMBER OF COMMERCE PRESENTATION

Mr. Robert Hatch, Chief Executive Officer, introduced Christer Jönsson, Product Manager of IST, a Scandinavian software company from Växjö, Sweden, whose company is considering Santa Maria as a possible location for its United States operations. He also introduced the members of his Board who were present, and introduced Ms. April Tunnell, Visitor and Convention Bureau Manager, who presented the Semi-Annual Report. Hotel occupancy in the Santa Maria Valley continues to increase. There was a 10 percent increase in Transient Occupancy Tax (TOT) collections over last year. The total TOT collected was $1.17 million during the first half of the fiscal year. During the first half of the 2004-05 fiscal year, the Public Relations team continued to reach out to new publications in an effort to generate more exposure for the Santa Maria Valley generating millions of dollars in advertising equivalency. Highlighted by a five-page article in the October issue of *Bus Tours Magazine,* Santa Maria received over $35,000 worth of exposure resulting in three major tour companies from Nevada, Michigan and Iowa expressing interest in booking tours to the Valley. In November, the Food Network featured a segment on classic Santa Maria Style Barbecue on the hit television show *BBQ with Bobby Flay*. The All-American Motorcycle Madness show, which took place at the Santa Maria Fairpark on May 21-23, was showcased on the Speed Channel's Corbin's Ride-On and American Thunder on August 24th. The Bureau partnered with the Central Coast Tourism Council and the California Travel and Tourism Commission to implement a public relations program in the United Kingdom which is now California's largest over-seas market. The Bureau now maintains three websites throughout the year. The Bureau also created a new promotional piece to encourage visitation to the Dunes Center, Oso Flaco Lake and the Rancho Guadalupe Dunes Preserve. Additionally, the first annual *Santa Maria Valley Community & Destination Guide* is now available at the Visitor Center. In October, the new feature film *Sideways* was released. This film was set and filmed in Santa Barbara County's wine country.

Max Tucker, Board Member, thanked the City Council for its continued support of the Chamber. He expressed pride in the activities of the Chamber of Commerce and said the Santa Maria Valley Chamber of Commerce was out performing its counterparts to the north and south.

Councilmember Mariscal stated he collects wines and had received emails from distributors touting some of the Pinot Noir wines that were featured in the film *Sideways*. He suggested people visit the Chamber's web site. He commended the Chamber for doing a wonderful job.

Councilmember Patino also commended them on their report.

Councilmember Trujillo requested the Chamber work with businesses to resolve some of the problems with signs and also get information out to the business community about the City's façade upgrade program.

Mr. Hatch explained that the Chamber has been involved with the Community Development Department on the sign ordinance revisions. He said they did need to let new businesses know up front what they can and can't do.

Mayor Lavagnino also commended the Chamber and recommended Santa Maria as a great place to visit.

MUNICIPAL ELECTRICAL UTILITY

Director of Utilities Chisam gave the staff report. This item was continued from the February 1, 2005, City Council meeting and staff was directed to meet with the development community. Staff conducted two informational meetings with the Santa Maria development community and explained the potential impacts this proposal would have on future development projects. The meetings confirmed the dissatisfaction the development community has with the current level of service provided by PG&E, and that improved service at a similar cost that could be afforded by a municipally-owned utility would be a benefit to the majority who attended the meetings. An additional information meeting with PG&E was held on February 23, 2005. PG&E stated that they would oppose any venture that would compete with their distribution business. PG&E advised the City that they would support exploring self-generation, conservation, and rebate programs as alternatives to forming a new utility. PG&E also rejected any notion of increasing the franchise fee. The current franchise fee was established in the 1930's, and is currently much lower than the franchise fees paid by other utilities.

He summarized the current status of other cities' newly formed municipal electrical utilities including the City of Industry, City of Moreno Valley, City of Corona, Merced Irrigation District, City of Hercules, McAllister Ranch District, and City of Rancho Cucamonga.

Mayor Lavagnino opened the public hearing.

Missie Hobson and Mark Randazzo from PG&E presented PG&E's position on the matter. PG&E values its business and community relationships with Santa Maria and intends to continue to provide safe, reliable and responsive electric service to all of Santa Maria as it has done for the past 100 years. PG&E remains committed to working with Santa Maria on energy options that do not involve entry into the electric distribution business such as energy efficiency, self-generation, and community choice aggregation. PG&E will actively seek to win all new development in the area which will change the City's bottom line. PG&E has a right to serve, which the City cannot take away, through State and Federal law. PG&E believes the economic analysis performed for Santa Maria contains errors and uses unrealistic assumptions. PG&E's analysis indicates Santa Maria will likely lose money if it proceeds. PG&E's revised summary of analysis shows more than a $20 million Net Present Value loss for the City over 20 years. PG&E's franchise fees and property taxes support important community services. It provides exceptional emergency response and customer service with 100 years of experience. Santa Maria has options for energy issues that involve less risk and can produce greater benefit. PG&E wants to work with the City to develop and implement energy plans to meet the City's needs without the risks of getting into the electric distribution business.

Mayor Lavagnino read a legal opinion from City Attorney Gil Trujillo which stated: "The City may condition the subdivision map to require the developer to dedicate the utility infrastructure to the City as it does for streets, sidewalks and other public improvements. If the developer does not object to the condition, then the "competition" issue is moot since PG&E does not have standing as a 3rd party to object to the condition. Staff's research into this issue revealed that most developers in other cities do not object to the condition. The issue may arise when a developer objects to the condition in the event that he or she believes that PG&E's offer is more advantageous. In this event, the City's ability to impose the condition over the developer's objection will turn on whether there is a reasonable relationship (nexus) to the

condition and the project. If the City creates a municipal utility, there appears to be a sufficient nexus to condition electric utility dedication to the City as it now does for sewage and water delivery. We are not aware of any legal challenges throughout the State on this issue at this time."

City Attorney Trujillo indicated that the antitrust case referenced by PG&E which was out of the State of Oklahoma would be of questionable applicability in the State of California. His research into this issue did not reveal any challenges to this condition in other cities that have established an electrical utility.

Councilmember Mariscal stated PG&E said it had a legally protected franchise right to provide electricity. That franchise agreement was signed in 1937. Santa Maria was a substantially different town in 1937 than it is today.

Public Works Director Karp addressed the comments made by PG&E representatives. PG&E said the City overestimated the potential revenues and underestimated the costs of the endeavor. They said their research showed that new housing does not use as much electricity as older housing. Staff and the City's consultants agree with that. In fact, the City's consultants were pursuing new housing in the Lompoc area to help in reviewing the projections for demands and revenues. In addition to that, the City is only interested in dealing with the new growth areas of the City, and not acquiring any existing utility. The City estimated getting 75 percent demand from new development. PG&E says they are going to compete, and say they will compete with rebates to convince developers to stay with PG&E. Staff believes that if the City would give those same rebates, it would get 100 percent of the demand. They can't assume our costs are going to be higher if the City gives rebates, and then assume they will take 50 percent of the customers. PG&E will continue to pay franchise fees and property taxes on the existing utility. PG&E said they have 100 years of experience. The City of Santa Maria also has 100 years of experience in running its current municipal utilities of water, sewer, and trash. The City is well aware of what is required to respond to emergencies. The City intends to hire contractors that can meet the standards the City provides its customers for its other municipal utilities. Staff admits there are cash flow issues in the short term, but long term it has been shown that there will be positive benefits for the community. He explained that the City was already pursuing the alternatives suggested by PG&E for energy conservation and had been very successful. One thing for the Council to recognize is that the City of Santa Maria is ideally suited to this particular niche because it is a high-growth community, a community with good sound financial management in its other operations, and a community that is not being crippled by revenue shifts from the State.

Utilities Engineer Zhao commented that through their research over the last six months, staff found that wherever there was a municipal utility, the developers almost always chose the municipal utility and not the investor-owned utility.

Utilities Manager Chisam stated it was important to note that one of the advantages Santa Maria had was conversations with its sister-city, Lompoc. Lompoc has been providing municipal electricity for a long, long time. Their operations staff and their City Manager, who used to be the Utilities Director, all indicated that the City of Santa Maria was moving in the right direction and encouraged staff to move forward with this.

Mark Randazzo stated PG&E's history of service in the City of Santa Maria would not change, and they would continue to have good relationships with the City. PG&E has been advised by its attorneys that if the City were to try to prevent PG&E from competing, that would be illegal. With regard to the City's growth, PG&E does not dispute that the City has been and continues to grow very strongly. With the increasing level of energy efficiency in new homes, the Governor's million solar homes proposal, the advent of new and emerging technologies, and the potential that growth initiatives could spring up in the City to limit growth, it could reduce the load and demand that is projected. PG&E looks forward to the opportunity to compete. It is important to consider the full range of outcomes. PG&E believes that the outcome represented in the consultant's study was an extreme positive outcome.

Jerry Bunin, Government Affairs Director for the Home Builders Association, said the builders were very supportive when government tried to do things that reduce unnecessary construction costs and speed up the process because it helps builders produce products that are more moderately priced for the consumer. He said it was commendable that the City was taking an innovative approach to fund public services without raising fees or taxes. The Municipal Electrical District is a very innovative solution, and the Government Affairs

Committee and Board of Directors supported the concept. There are questions about the financial concerns PG&E raised. It is important that the people who buy the new homes have reliable and dependable power.

Joan Leon indicated she had been interested in local energy for some time and had written a column for the Santa Maria Times in November 2003 entitled *The Power of Farming Energy.* She submitted a packet from the American Public Power Association on how to form a community-owned electric utility. She addressed problems she saw with the City competing with PG&E. She asked about the possible bond measures mentioned in the staff report. The City should generate electricity and sell it to PG&E instead of competing with them. She suggested the City pursue wind generation.

Public Works Director Karp stated the City had looked into wind generation. The City did contact the Northern California Power Agency and will probably buy its power from them initially. The City planned to proceed with this on a "pay-as-you-go" basis, and did not anticipate a bond measure at this time. Substations will only be built as the growth demands them.

James Watson stated he thought the City should go forward.

Andy Caldwell, COLAB, stated he thought the City's consultants or staff had presented no details of the downside. The City might lose several million dollars. He asked if the Council was satisfied that PG&E's numbers were incorrect. He also asked if the Council had really looked at all the risks of the venture. He said at this time he thought that competition might be not be bad. He asked if the City was ready to put in writing that its costs would not be higher than PG&E's costs. He talked about the City's tax break that would be passed on to the developers and said it should instead be put back into services for all the citizens.

Andy Caldwell distributed a letter from Joe Armendariz, Santa Barbara County Taxpayers Association, who could not be present.

Ernest Armenta recommended the proposal go on the ballot for the people of Santa Maria to vote on. He expressed concern about local workers for PG&E losing their jobs. He said if this did not break even in five years, the City should not expect the property owners to pay for the loss. PG&E had to declare bankruptcy. What would happen to the City if the electric utility was not successful. It was not fair that the existing residents do not have the option to go with the new electrical service.

Hearing no further testimony, Mayor Lavagnino closed the public hearing.

Councilmember Orach stated the City has been in the utility business for a long time and does it very well. He said he could understand why some of the cities mentioned by PG&E decided to disband electrical service. Most of the innovative solutions City staff has recommended to generate new revenue have come to fruition. He asked if there was any possibility to renegotiate the franchise agreement with PG&E for the future development areas.

Mark Randazzo stated PG&E's franchise agreement was for all incorporated areas of the City so as the City annexed those areas, they would be subject to the current franchise agreement.

City Manager Ness explained that PG&E pays about $250,000 a year in franchise fees while Comcast pays over $400,000 a year.

Councilmember Trujillo asked why PG&E was not amenable to renegotiating the franchise agreement.

Mark Randazzo explained that if PG&E agreed to reopen the franchise agreement with Santa Maria, then all other cities that they provide electrical service for would want to renegotiate as well. Any increased costs would then be passed on to the consumers.

Councilmember Trujillo asked about PG&E's financial situation and their bankruptcy.

Mr. Randazzo explained the company's financial problems and its current financial position.

Councilmember Patino stated she had heard from people in Santa Maria that they would like having an alternative to PG&E. She said she would like some additional time to review the

information presented at the meeting and to find out more about the other cities that had tried municipal electricity. Staff has done a great job in preparing this proposal. She indicated she did not regret approving any of the other revenue-generating solutions staff had recommended.

Councilmember Mariscal asked how PG&E developed their corrected development cost comparison.

Mr. Randazzo explained how those numbers were developed based on the comparison that was presented by staff at the February 1st meeting.

Councilmember Mariscal asked about a statement in the staff report regarding the current dissatisfaction of the development community with PG&E.

Director Karp stated there was dissatisfaction on the part of some of the developers. He has heard comments about it taking six to eight weeks to get plans approved. The development community also had some good things to say about PG&E, particularly their coordination with the other utilities. There was a general sense that the developers felt competition would be good.
Councilmember Mariscal stated one of PG&E's "Spot" Municipalization Case Studies regarding the City of Upland included a generation system, not just a delivery system. The capital expenditure up front for a generation system is very expensive.

Mr. Randazzo stated the cost of the energy supply itself as a portion of the total cost of providing electricity, is roughly 60 to 70 percent; and therefore, that component is a driver in total costs.

Councilmember Mariscal asked where PG&E made its profit.

Mr. Randazzo explained PG&E does not make any profit on the actual generation itself, or its purchase of energy through contracts. It makes its profit on its rate base or the capital it invests. They are given an authorized rate of return in its rate base.

Councilmember Mariscal asked if it was through a Joint Powers Agreement that the City of Lompoc purchased its energy; and if that would be the vehicle Santa Maria would use.

Director Karp explained that it would not be a Joint Powers Agreement. It would be an Association of Municipal Utilities. The Association has been successful at acquiring their electrical generation at prices lower than PG&E has been getting.

Mayor Lavagnino stated he did not think reopening negotiations on the franchise fee with PG&E would be setting a precedent because there were not many cities in California that could show the same growth as Santa Maria.

City Manager Ness stated he didn't think there were many other cities in the State of California that were in a growth-oriented mode like Santa Maria. The City was considering annexing the Bradley Ranch or Bradley East area which would produce some 16,000 population with up to 6,000 additional homes. The City is also looking at Mahoney Ranch which has already been annexed. There aren't too many other cities that are in that type of growth mode that could justify this kind of proposal. In addition, the City of Lompoc has been in this business for a long time. They are very successful and very good at what they do. The City Manager of Lompoc said, without hesitation, that the City could be successful in an electrical distribution business. It would be an association where the City would buy the power from, and it would contract with skilled operators in the early years to make sure the City gets the advice and expertise to guide it through the first few years. There are cities within PG&E's jurisdiction that already have franchise fees higher than Santa Maria. This proposal does reflect the direction the Council provided to staff to pursue creative, innovative, and entrepreneurial ways and programs to create financing to help with the increasing costs of municipal services without increasing taxes. The City of Santa Maria is one of the most efficient and cost-effective cities in California. The same efficiency and effectiveness that applies to current City operations would be afforded to this project as well.

Director Karp stated staff did a sensitivity analysis, and the most realistic proposal was submitted to Council. Staff looked at other alternatives and sensitivities. The City could lose as much as $20 million over 20 years if staff was wrong on every projection. The City is

planning on entering this program on a "pay-as-you-go basis." If the City found the venture was a mistake, it can tell PG&E to take over. Staff thinks there is very little risk and looks forward to proceeding.

Councilmember Orach stated there were some great benefits to this proposal. The City has been progressive in the past, and this is an interesting concept. City staff has investigated this and laid out all the bits and pieces and components for something that could potentially be financially rewarding for this community.

Resolution No. 2005-35 was adopted on motion by Councilmember Orach, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, and Mayor Lavagnino
NOES: Councilmembers Patino and Trujillo
ABSENT: None
ABSTAIN: None

Resolution No. 2005-35 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE CREATION AND OPERATION OF A MUNICIPALLY OWNED ELECTRICAL UTILITY.

GENERAL PLAN AMENDMENT FOR SILVA ESTATES II (LA VENTANA)

Community Development Director Lindsey gave the staff report. The project consists of a Mitigated Negative Declaration, E-2004-047, an amendment to the General Plan (Land Use) from AOS-1 (Primary Agricultural Open Space) to 12.6 acres of LDR-5 (Low Density Residential) and 7.4 acres of MDR-12 (Medium Density Residential), and a zone change from OS (Open Space) to 12.6 acres of PD/R-1 (Planned Development/Single Family Residential) and 7.4 acres of PD/R-2 (Planned Development/Medium Density Residential). The 20-acre site was part of a larger project considered by the Planning Commission and City Council in 2004. The Silva Estates I project consisted of 59.6 acres straddling Fremont Street. Although the Planning Commission recommended certification of the Final EIR, the City Council failed to certify it and did not take any action to approve that project. Subsequently, several project alternatives were presented to the Council. The new project is consistent with one of the alternatives, in which the proposed project has been reduced to the 20-acre site located on the west side of Fremont Street. The Planning Commission conducted a public hearing on this item on February 2, 2005, and adopted Resolutions 2362 and 2363 recommending the City Council adopt a mitigated negative declaration for E-2004-047, amend the General Plan, and adopt an ordinance rezoning the subject property on a 3-2 vote with Commissioners Hunter and Waterfield voting no. The Planning Commission recommended rewording the environmental condition to require either a traffic signal or a roundabout at the intersection of Fremont Street and East Main Street. The Planning Commission also recommended that the subdivision of the property maintain minimum distances from Pioneer Valley High School's varsity baseball home plate to the property residential uses. The conceptual project design shows a basin adjoining the baseball field. The Planning Commission recommendation specifies the distance from home plate to the property line be at least 320 feet to the southwest (down the left field line) and 225 feet to the south-southeast (behind the backstop).

Mayor Lavagnino stated the City Council would be meeting with the Planning Commission jointly, and part of the discussion for that meeting should be what the City Council and Planning Commission want to do with the entire area east of Fremont Street.

Mayor Lavagnino opened the public hearing.

Ernest Armenta spoke regarding a buffer zone from Main Street and recommended it match the buffer zone currently on the two properties along Main Street abutting this property.

Community Development Director Lindsey advised that the conceptual plan did show a 100 foot buffer zone along Main Street. In addition to the buffer zone there is a requirement for a block wall.

Randy Alonzo, Inland Pacific Builders, showed architectural renderings of the proposed project including the entrance features, exterior elevations of the townhomes and single family homes, and the club house. He also showed a conceptual master plan for the 307 acres east of Fremont Street. In this development, they would be honoring two military veterans with the street names Orie Court and Gatewood Court. There are a couple of critical intersections,

specifically Donovan and Suey and Donovan and Highway 101, that would be impacted by this development. There is currently an approved restriping plan that would help improve the level of service. That would be installed as soon as possible. If the Council approves this project, they would proceed to submit public improvement plans. While those plans were being reviewed, Inland Pacific Builders would work with Engineering to put in something temporary along Main Street for the students.

Hearing no further testimony, Mayor Lavagnino closed the public hearing.

Councilmember Trujillo asked if Inland Pacific Builders also owned the other 40 acres on the east side of Fremont Street. When the Council looked at this property originally, there was discussion about more affordable housing. He asked if these houses were going to be affordable.

Mr. Alonzo stated they did own both the 20 acres west of Fremont Street and the 40 acres east of Fremont Street. He had four different scenaries for the 40-acre site. One was a diverse mix of housing types. One is entirely 10,000 square foot lots. Another has six acres of commercial, four acres of multi-family along Main Street and larger lots behind it. He said he did not know which one to submit and needed guidance from the City Council.

Councilmember Patino stated she thought the last time City Council considered this property, it wanted to look at both the 20 acre site and the 40 acre site and wanted larger lots.

City Manager Ness stated what he remembered from that meeting was that the developer withdrew the 40 acres and wanted to focus only on the 20 acres. That developer no longer owned the property as it has been purchased by Inland Pacific Builders. The intent was to look at the 20 acres and bring back the 40 acres soon thereafter. The Council did say it wanted to look at all the property west of Fremont Street in the future. Staff would like to hold a joint meeting with the Planning Commission and City Council to discuss those kinds of matters, including densities and housing issues.

Resolution No. 2005-36 was adopted on motion by Councilmember Orach, seconded by Councilmember Trujillo, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2005-36 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A MITIGATED NEGATIVE DECLARATION, E-2004-047, FOR THE SILVA ESTATES II PROJECT LOCATED AT THE NORTHWEST CORNER OF FREMONT STREET AND EAST MAIN STREET.

Resolution No. 2005-37 was adopted on motion by Councilmember Orach, seconded by Councilmember Trujillo, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2005-37 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A GENERAL PLAN (LAND USE) AMENDMENT FOR THE SILVA ESTATES II PROJECT LOCATED AT THE NORTHWEST CORNER OF FREMONT STREET AND EAST MAIN STREET, GPZ-2004-004, E-2004-047 (APPROXIMATELY 20 ACRES), ASSESSOR'S PARCEL NOS. 128-052-029 AND –032.

Ordinance No. 2005-02 was introduced by title only for first reading and continued to the next meeting for second reading and adoption on motion by Councilmember Orach, seconded by Councilmember Trujillo, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Ordinance No. 2005-02 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REZONING APPROXIMATELY 20 ACRES OF PROPERTY LOCATED AT THE NORTHWEST CORNER OF FREMONT STREET AND EAST MAIN STREET.

GENERAL PLAN AMENDMENT FOR THE RAFAEL ARIAS PROPERTY

Community Development Director Lindsey gave the staff report. The proposed project is located at 1137 West Church Street. The site is currently vacant and is approximately .19 acre in size. The site has a mixture of commercial manufacturing and residential uses located to the east. Directly west of the site is a gas station/mini-mart and to the immediate northwest is a Mexican food restaurant. The project consists of a Negative Declaration, E-2004-046, an amendment to the General Plan (Land Use) from HCM (Heavy Commercial Manufacturing) to CC (Community Commercial), and a zone change from CM (Commercial Manufacturing) to PD/C-2 (Planned Development/General Commercial). The Planning Commission conducted a public hearing on this item on February 2, 2005, and adopted Resolutions 2360 and 2361 recommending the City Council adopt a negative declaration for E-2004-046, amend the General Plan, and adopt an ordinance rezoning the subject property on a 5-0 vote. The current zoning would allow manufacturing and related commercial uses. However, the property owner's overall intent is to develop a commercial center on three parcels, one of which is part of this general plan amendment and zone change request. The third parcel, currently occupied by the USA gasoline station, is proposed to relocate to the southeast corner of South Blosser Road and West Main Street. This would provide the opportunity for the construction of another retail building that would compliment the proposed retail building at 1137 West Church Street and would provide over 7,344 square feet of convenient retail shopping for many nearby residents.

Mayor Lavagnino opened the public hearing.

Bill Orndorff spoke in favor of the project. He said the concept for the whole corner would depend on the USA gas station relocating. Mr. Arias was in escrow for the property.

Councilmember Orach asked if this zoning would allow mixed uses.

Mr. Orndorff said he discussed that possibility with the owner. It would allow an apartment upstairs. It might make sense to the applicants to do something like that.

Hearing no further testimony, Mayor Lavagnino closed the public hearing.

Councilmember Trujillo stated he looked at this property, and this would be a great improvement to the neighborhood.

Resolution No. 2005-38 was adopted on motion by Councilmember Trujillo, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2005-38 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A NEGATIVE DECLARATION, E-2004-046, FOR THE RAFAEL ARIAS PROPERTY LOCATED AT 1137 WEST CHURCH STREET.

Resolution No. 2005-39 was adopted on motion by Councilmember Trujillo, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2005-39 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A GENERAL PLAN (LAND USE) AMENDMENT FOR THE RAFAEL ARIAS PROPERTY LOCATED AT 1137 WEST CHURCH STREET, GPZ-2004-007, E-2004-046 (APPROXIMATELY 0.19 ACRES), ASSESSOR'S PARCEL NO. 123-011-022.

Ordinance No. 2005-03 was introduced by title only for first reading and continued to the next meeting for second reading and adoption on motion by Councilmember Trujillo, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Ordinance No. 2005-03 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REZONING APPROXIMATELY 0.19 ACRES OF PROPERTY LOCATED AT 1137 WEST CHURCH STREET.

Councilmember Mariscal stated this would be a great improvement to the area. The property is just a dirt lot now that is used for parking for the restaurant. He recommended the restaurant as a very good place to eat with Mariachi music every Thursday night.

COMMUNITY ACTION COMMISSION APPOINTMENT
Mayor Lavagnino announced that Councilmember Mariscal had requested Peter Lopez be appointed to serve on the Commission.

On motion by Mayor Lavagnino, seconded by Councilmember Mariscal, and carried unanimously, Peter Lopez was appointed to the Community Action Commission for a four-year term.

REPORT BY CITY MANAGER
City Manager Ness reported on items for the March 15, 2005, City Council meeting including public hearings to consider an appeal of a Planning Commission approval of the Ted Zenich Gardens project, the Measure "D" Five-Year Local Program of Projects, and an appropriation of the 2005 Edward J. Byrne Memorial Justice Assistance Grant funds for the Police Department. Additionally, the EDA would present its semi-annual report.
City Manager Ness also asked Police Chief Macagni to give a brief report on the status of the Michael Jackson trial.

Chief Macagni stated things were going very well. Things are under control and well contained. The Department's costs have been reduced significantly as manpower deployment has been reduced. The City has spent $16,000 so far on overtime. The Department is also analyzing direct costs from diverting police officers and resources to the trial. The total cost of the whole operation to date is about $70,000. The Department has written 180 citations and made three arrests directly related to the trial. The crowds have dwindled down significantly.

Councilmember Patino asked if the Police Department met Michael Jackson at the freeway.

Chief Macagni stated the Department had gotten some negative publicity about giving a police escort to a criminal defendant. The Department does that for public safety. They are notified when his caravan arrives in the City. The Department meets the caravan at a pre-determined location. It is not an escort. People have approached his caravan and pulled in front of the vehicles, pulled up beside them, people run out in the middle of the street trying to stop them to make contact with Michael Jackson. The public safety is extremely important. His safety and the safety of the motoring public is very important. He commended Lieutenant Chris Vaughn who was the primary coordinator. He is the reason the costs are down. He very closely monitors the crowd and has spent a lot of time in planning and logistics meetings with the County of Santa Barbara.

ORAL REPORTS OF COUNCILMEMBERS

Councilmember Patino reported on the National Guard return at Vandenberg Air Force Base. It was very touching seeing them be reunited with the families.

Councilmember Mariscal reported that last Wednesday he had the opportunity as a Kiwanian to attend the 100th year celebration of the founding of Rotary International.

Councilmember Mariscal also commented on a gentleman from Bakersfield who came to Santa Maria to buy a Harley Davidson motorcycle because of the customer service.

Councilmember Orach thanked Councilmember Mariscal and his Kiwanis Club for hosting the 8th Annual Trivia Contest to raise money for the United Way.

CLOSED SESSION

The City Council adjourned to Closed Session at 9:54 p.m. for the following:

- Conference with Legal Counsel regarding existing litigation pursuant to Subsection (a) of Government Code Section 54956.9 to discuss Santa Maria Valley Water Conservation District v. City of Santa Maria;

- Conference with Legal Counsel regarding initiation of litigation pursuant to Subsection (c) of Government Code Section 54956.9 (1 matter);

- Conference with Labor Negotiator pursuant to Government Code Section 54957.6, Agency representative: Assistant City Manager, Employee organization: Santa Maria Firefighters Union, Local 2020.

After the Closed Session, the following was announced:

Santa Maria Valley Water Conservation District v. City of Santa Maria – Status report. Direction to staff.

Initiation of Litigation (1 matter) – Direction to staff.

Conference with Labor Negotiator re: Santa Maria Firefighters Union, Local 2020 – Status report. Direction to staff.

ADJOURNMENT

There being no further business to come before the City Council at this time, the meeting was declared adjourned at 11:00 p.m. by order of Mayor Lavagnino.

APPROVED March 15, 2005
Date

Patricia Leslie
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST Patricia Leslie
Chief Deputy City Clerk

S. Lavagnino
Mayor of the City of Santa Maria